

# Providence Journal

## Hidden jewels in the newspaper

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**Y**OU'VE REALLY got to read if you want to know what's in a newspaper. Most of us have a tendency to skim, to take in a quick headline or caption and move on, unless the story interests us particularly. That's probably especially true on the Internet.

But the headlines don't always tell the story. Often, I find myself scratching my head over the most appalling revelations buried in a juicy, fact-crammed article — items that, in another context, might well deserve front-page play with blaring headlines.

Last year, I read Katherine Gregg's Dec. 21 story, "For some, state pension payments continue after death." It's a classic Rhode Island story, about the money the state kept sending to people long after they passed into, as Shakespeare put it, "that undiscovered country from whose [border] no traveler returns."

But buried deep inside, near the end, was this flaming chestnut: a key measure of the state's ability to meet its billions of dollars in pension obligations has plummeted.

In 2000, the state's ratio of pension assets and liabilities was close to 81 percent. By June 30, 2005 — the most recent numbers available — it had dropped to 55.4 percent for retired teachers and 56.3 percent for retired state workers. Only 6 of the 100-plus public-pension systems surveyed by the National Association of Retirement Administrators had a lower funding ratio!

That means the Ocean State has built up huge pension obligations with staggeringly little means to meet them. That could financially devastate Rhode Island, which is already trying to figure out how to cut government services or further tax the populace to get out of budget deficits of \$360 million.

The new state treasurer, Frank Caprio, contends that increased state and municipal contributions to the pension program, and a reviving stock market (in which some of the pension funds are invested),



should nudge the ratio into safer territory. But it has to be watched. And for that matter, the stock market has generally been *falling* lately.

One wonders how carefully some state officials are watching, though. Last week brought forth a March 21 article by Elizabeth Gudrais headlined "Two state agencies solve budget crises."

This fact-filled story, in its next to last paragraph, informs us that the Rhode Island Public Transit Authority (RIPTA) has used an "accounting fix" to "solve" its budget woes. RIPTA simply decided against setting aside \$4.3 million to help pay for the health-care and other non-pension benefits promised to its workers, since it "wasn't required" to do that. That means taxpayers will have to pay even *more* in years to come for the typically gold-plated benefits the politicians have promised to state retirees.

Such decisions, which merely defer the pain until it becomes almost unendurable, are systematically destroying Rhode Island's ability to be a viable place. No one in the political class seems to want to truly "solve" the problems that the Ocean State faces; politicians and bureaucrats simply want to survive for today, and kick the crisis down the road to others.

I guess that's human nature. That mindset, unfortunately, is already catching up with us — in the form of state budget deficits in the hundreds of millions of

dollars; with young educated residents, middle-class families and retirees fleeing to less punitive states that offer greater job opportunities; and anti-business policies shriveling Rhode Island tax revenues. Where are the leaders speaking out for our future?

Finally, the March 15 Business story by Benjamin N. Gedan, "Microsoft acquires company founded by Rhode Islander," includes some fascinating observations by its subject, Angus Davis.

In the final paragraphs, Mr. Davis — whose company Tellme Networks Inc. was worth an estimated \$1 billion to Microsoft — notes that Rhode Island's public schools are failing to produce skilled workers, and that companies here may have trouble recruiting employees because of the high cost of educating their children well in private institutions.

"I can't start a company in a state with a failed education system," the former Rhode Islander said in a telephone interview from Redmond, Wash. "If I were to start another company like Tellme tomorrow, how am I going to attract workers to move to Rhode Island?"

Yet the people getting fat off of Rhode Island's generally mediocre public schools — the well-compensated education bureaucrats and teachers-union bosses — continue to insist that Ocean State schools are improving beautifully, even without balancing the public interest against the special interests, or implementing best education practices. And that everything would be even nicer if the taxpayers gave them even more money.

No one in a position of power seems to care about Rhode Island's children enough to make the necessary changes. And people like Mr. Davis, who know something about competing in the modern world, are simply waved off.

That's if citizens even read all the way into the story to discover his very pointed remarks.

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